

MEMORANDUM

To: SAC, WMFO (74-330) (P) (C-2)

Date: May 18, 1988

From: SA [redacted]

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[redacted] AKA:

[redacted] aka;

[redacted] aka;

POSSIBLE PERJURY;

OO: WMFO

Re DOJ Criminal Division memo from Acting AAG JOHN C. KEENEY to FBIHQ dated 5/2/88 titled "Request for Investigation: Allegations by INSLAW".

On 5/17/88, SA [redacted] met with DOJ/PIS Attorney [redacted] who provided overview information as follows:

INSLAW received a DOJ computer software contract through DOJ procurement rather than GSA procurement at a time when INSLAW had no other client base beyond DOJ. It is not clear how, why, or through whom INSLAW landed the contract, but by 1983, their performance was found unsatisfactory within DOJ. [redacted] noted that she personally had heard comments from a non-DOJ statistical expert before the INSLAW situation became an issue that their work was not considered good when they were performing on a not-for-profit basis under LEAA funding. Further, former AAG D. LOWELL JENSEN had a "long-standing dislike" for INSLAW from his days as a D.A. in Alameda County, California, where the prosecutors' office had case tracking software on-line. JENSEN's criticism of INSLAW was set forth in a book he wrote on the subject published in 1980--again long before the current INSLAW allegations became an issue.)

INSLAW apparently looked at the \$40 million PROMIS contract as a leg up to bigger DOJ projects. Even Judge BASON, who ruled in favor of INSLAW in its civil suit against the DOJ, conceded that INSLAW was in partial performance default under its contract.

On or about 4/20/83, INSLAW owner WILLIAM HAMILTON was telephoned by [redacted] of HADRON CORP., saying he planned to buy INSLAW. HAMILTON claims that when he told [redacted] he was not interested in selling, [redacted] told him he had ways to make him sell. HADRON becomes pertinent insofar as [redacted] a part-owner of HADRON and its wholly owned subsidiary ACUMENICS, is a friend of [redacted] was still a White

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House advisor in 1983 [REDACTED]
[REDACTED] ACUMENICS later received a \$40 million software contract servicing the DOJ Lands Division--not PROMIS--after INSLAW was found unsatisfactory.

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With virtually no other client base besides DOJ, INSLAW filed for bankruptcy protection around February, 1985. INSLAW also filed a second action in civil court--ancillary to the bankruptcy--suing DOJ for damages. That case was filed and heard in 1986. The bankruptcy matter was ruled on in February, 1987. In an unusual manner, the bankruptcy court viewed the civil suit inseparable from the bankruptcy matter and heard them together. Much of the possible perjury comes out of the suit rather than the bankruptcy proceeding.

In his ruling, Judge BASON did not go so far as using the word "lied," but his opinion incorporates phrasing such that he found some of the testimony incredible and utterly unbelievable. BASON made no criminal referral for perjury, though, as far as [REDACTED] is aware. BASON was not reappointed to the bankruptcy bench shortly after the ruling, and he filed litigation against the District Court judges over their failure to reappoint him. His case was dismissed.

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BASON's successor, Judge MARTIN TEEL, JR., has yet to set the amount of punitive damages against DOJ in the civil suit. INSLAW, meanwhile, is appealing its bankruptcy liquidation in U.S. District Court before Judge WILLIAMS B. BRYANT.

Based on Judge BASON's opinion, DOJ OPR began an

[REDACTED]

[REDACTED] had a long history of in-office frictions between him and his boss. [REDACTED] At some point,

[REDACTED] believes [REDACTED] has been contacted by staffers of Sen. SAM NUNN who is planning a committee hearing. Sens. RUDMAN and DODD also are interested in conducting hearings.

The issue of perjury focuses on whether or not [REDACTED] attempted to exert undue influence on the trustees assigned to

INSLAW's bankruptcy to convert or liquidate. [] has consistently denied attempting to influence the trustee's decision. The only other witness whose testimony has been consistent is the trustee himself, [] out of the Alexandria U.S. TRUSTEES field office. [] was the one assigned to handle INSLAW's bankruptcy. [] was Trustee then at the New York field office. At some point, [] directed [] assistant, [] to be detailed from New York to assist on the INSLAW case. There is confusion as to whether [] was supposed to go to Alexandria to work with [] directly or to go to the EXECUTIVE OFFICE OF U.S. TRUSTEES in D.C. [] contends he wanted [] at the EXECUTIVE OFFICE. [] apparently understood the detail was to Alexandria. Judge BASON apparently construed that [] wanted to hand pick someone [] he could direct. At some point during deposition, [] said [] did suggest conversion or dismissal of INSLAW's bankruptcy in discussing [] possible reassignment. In court, [] testified there was no pressure from [] as did []

[] shares [] view that [] is an abrasive personality. [] met yesterday (5/16/88) with [] at which time she told him [] is a subject of this criminal perjury investigation. [] is the only one who has been informed by [] so far that he is a subject. [] said [] position is that his full current recollection of events is what is on the record. [] will consider reviewing anything that might refresh his memory. He has no particular reason to lie for [] and he will consent to an interview. [] expressed a preference to have [] interview [] but was agreeable to interview by the FBI. [] currently is being scheduled for interview by NUNN Committee staffers.

INSLAW owners [] have alleged obstruction of justice in addition to perjury. The obstruction hinges on what they say was interference in their right to counsel. (This issue was the focus of a story by reporter RITA BRAVER on the CBS EVENING NEWS last week.) Attorney [] was fired from his law firm, [] while representing INSLAW. He told [] he was fired for failure to control the client--INSLAW. [] believed one of the firm's senior partners, [] was responsible and that [] did it in retaliation for naming [] in the civil suit. [] was [] personal attorney in 1984 (and represented [] in a matter involving [] which [] friend and investment trustee [] is of counsel to the DICKSTEIN SHAPIRO firm. [] absolutely denied any DOJ influence in his decision to dismiss [] He denied having any conversation at all with [] about [] as was alleged apparently. [] could not recall what [] may

have said concerning any discussions with [])

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Both Judge BASON and [] have approached Special Prosecutor [] to bring these issues into [] investigation of [] determined the INSLAW issues are unrelated to the matters of his investigation and would not add them.

[] was assigned in late February, 1988, to handle the evidence review necessary to determine whether a separate independent counsel should be requested for the INSLAW allegations stemming from "Inslaw, Inc. v. United States of America and the United States Department of Justice". That sort of preliminary inquiry was under a 15-day deadline to determine whether there was enough factual evidence to warrant a special prosecutor. [] did not find sufficient factual evidence to recommend such a request. On the fifteenth day, however, INSLAW's attorneys-[] and []--came to [] to press for a perjury investigation of [] independent of what OPR was doing.

Former AAG WILLIAM WELD signed the finding, accepting [] recommendation not to go to an independent counsel on the questions raised concerning both obstruction of justice and perjury. [] recommended pursuing a criminal perjury investigation against [] based on [] admission. [] did not recommend pursuing a criminal OOJ investigation based on [] wholesale denial.

[] were interviewed by OPR. [] decision was forwarded to OPR with a caveat that any additional information developed be furnished to this criminal investigation.

[] advised on 5/16 when contacted by telephone to set an appointment with SA [] that she had not thought about notifying Judges BRYANT and TEEL of this perjury investigation. During the meeting on 5/17, [] inquired whether judicial notification was only an FBI policy or what. [] was shown a copy of MIOG Part I, 74-2.1.3 concerning FBI policy which may or may not emanate from AG Guidelines. [] advised she wanted to ask around at DOJ before determining whether she would notify the two judges. This situation was brought to the attention of SSA [] FBIHQ, on 5/17/88 who will be advised if [] determines against notifying the judges.)

[] furnished copies of the following documents for SA [] to review:

- a. Non-confidential version of Judge BASON's opinion in the bankruptcy/civil suit proceeding;

- b. Letter summarizing allegations dated 2/12/88 from [redacted] Deputy Chief, PIS, DOJ;
- c. Affidavit of [redacted] dated 3/26/87;
- d. Deposition of [redacted] taken 3/25/87;
- e. Deposition of [redacted] taken 5/22/87;
- f. Court transcript pages 653-728 of testimony of [redacted] (undated);
- g. Deposition of [redacted] taken 3/23/87;
- h. Deposition of [redacted] taken 4/27/87;
- i. Deposition of [redacted] taken 3/23/87;
- j. Deposition of [redacted] taken 3/26/87;
- k. Court transcript of pages 311-368 of testimony of [redacted] (undated);
- l. Memo dated 12/18/87 from [redacted] OPR, to ARNOLD I. BURNS, Deputy AG, re Allegations of Misconduct on the Part of [redacted]
- m. Letter dated 3/17/88 from Attorney [redacted] [redacted] to ARNOLD I. BURNS, Deputy AG, re [redacted]

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LEADS:

WMFO at Washington, D.C.:

1. Will obtain assurance from [redacted] that Judges BRYANT and TEEL are both notified of the allegations and are agreeable to this perjury investigation.
2. Will review the above listed documents.
3. Will contact [redacted] and/or [redacted] at OPR [redacted] for a list of all individuals interviewed to date in connection with this matter and the results of interviews. Will also obtain from OPR copies of depositions/affidavits/transcripts beyond those provided by [redacted].
4. Will interview [redacted] and request his submission to FBI polygraph examination.

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